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**Summary of Call #3
Residential, Commercial, and Industrial Technical Work Group
September 22, 2005, 9:00am – 10:30am**

Attendance:

1. Technical Working Group members:
 - Susan Culp – Arizona League of Conservation Voters
 - Ken Evans (for Kevin Kinsall) – Phelps Dodge
 - Grady Gammage, Jr. – Gammage and Burnham
 - Jeff Homer – General Dynamics
 - Lisa McNeilly – Xanterra South Rim, LLC
 - Tim Mohin – Intel Corporation
 - Amanda Ormond – Grand Canyon Trust
 - Suzanne Pfister – St. Joseph's Hospital
 - Penny Allee Taylor – Southwest Gas
2. ADEQ staff:
 - Kurt Maurer
3. Center for Climate Strategies (CCS) staff:
 - Alison Bailie, David von Hippel
4. Other Attendees:
 - Brian O'Donnell, Southwest Gas; Jeff Yockey, Tucson Electric Power (TEP)

Background documents:

(all posted at <http://www.azclimatechange.us/template.cfm?FrontID=4674>)

1. Meeting Notice and Agenda
2. Summary of RCI TWG Call#2
3. Powerpoint presentation for meeting
4. RCI GHG Reduction Opportunities (updated policy matrix)

Discussion items and key issues:

1. Summary of RCI TWG Call #2
 - a. No comments on summary as presented

2. Inventory and Reference Case Updates

- a. Members discussed the 3%/yr growth rate forecast for electric sales used in the forecast. There was a recommendation to use 3.7%/yr through 2010, then 3%/yr thereafter. It was suggested that the facilitators contact the electric utilities who have not responded to previous requests for growth forecasts and request forecasts again, and when information is received on the growth rates and time periods (years) covered from the electric utilities, compute a statewide weighted average (likely in the 3.5 to 4 %/yr range) for use in the shorter term (to roughly 2010), with 3%/yr as a growth rate in the longer term.
- b. Uncertainties were noted in future gas consumption trends. Given these uncertainties, there was no objection to continuing to use the 2.9%/yr statewide growth forecast for natural gas consumption that was based on Energy Information Administration data.

3. Further Discussion of Project Matrix.

- a. The group reviewed the decisions made during the last call on the priorities for options in groups 1 to 4. No changes were suggested. Members of TWG suggested that the facilitators use the last column of the matrix to record key points of the phone discussions, particularly information on the rationale for the priority ranking. Several members of the TWG confirmed that options 3.1 (Building Codes) and 3.2 (Promotion and Incentives for Improved Design and Construction) were considered complementary, and thus both should be ranked as high.
- b. The facilitators provided further information on the potential emission reductions and costs from the option to reduce emissions from diesel generators at construction sites. Further discussion by the group led this item to be ranked as low priority for this process; temporary connection to utilities should be used where possible for other cost and environmental benefits but not always possible (due to speed of new development) and the GHG emission reductions available from the measure are estimated to be in the low category.

4. Ranking of Options (group and item numbers below refer to numbering of options in the version of the Options Matrix distributed prior to RCI TWG Call #3)

- a. Group 5 (Pricing and Purchasing) – Discussion on options 5.1 (Green Power), 5.3 (Net Metering) and 5.4 (Time of Use Rates) included whether these options should be in RCI or Energy Supply – the decision was to include them in the RCI group for the purpose of setting priorities but further analysis of these options could be accomplished by the Energy Supply group. Decisions for on ranking for individual options were as follows:
 - i. 5.1 Green Power – the group felt that this option should be distinct from the Environmental Portfolio Standard that requires utilities to generation a minimum fraction of electricity from renewables. The option description should be reworded to indicate that the purpose of the option is to encourage renewable generation that is additional (separate and distinct) from the EPS requirements. This option was then ranked low, since

- expanding the EPS is the preferable option (this option is included in the Energy Supply group and ranked as high priority)
- ii. 5.2 Bulk Purchasing – ranked low priority
- iii. 5.3 and 5.4 Net metering and time of use rates – these options were ranked Medium/High. The members felt there was significant (perhaps at the Medium level) potential for emission reductions from these options in the long term if the options were designed and implemented so that electricity consumers would be motivated to install PV panels or other distributed generation. TWG members noted that there were many co-benefits of distributed generation (reduced need for transmission and distribution upgrading, reduced transmission and distribution losses, “ancillary” grid support benefits, and others).
- b. Group 6 (Technology Specific Policies) –
 - i. Incentives for Renewable Energy Applications – ranked medium, aspects of this option have already been implemented in Arizona.
 - ii. Clean CHP – Rank as High priority, and change option name to “Incentives for Clean CHP”
 - iii. Promotion and Tax or Other Incentives for EnergyStar and better appliances and equipment – ranked Medium/High. TWG members suggested restricting the option to ENERGY STAR appliances and equipment (the initial measure also included solar water heaters) since the EnergyStar program is already set up and required by state government, and would be easier to streamline with an existing program
 - iv. Appliance recycling – low priority
 - v. White Roofs, Rooftop Gardens, and Landscaping (including Shade Tree Program) – Medium priority – the members questioned how this option could be implemented but felt there were existing programs and information that might be used to design a program and the emission reductions could be significant.
- 5. The group did not manage to complete prioritization of all the options on the list. The incomplete list will be presented to the CCAG on Sept. 29 for review. The group will resume prioritization efforts at the next scheduled call and begin more in-depth consideration of options based on direction received from the CCAG.

Next steps and agreements:

1. CCS/Tellus staff will update the policy option matrix and present the priority rankings at the CCAG meeting on September 29, 2005.
2. **Next TWG call**
To be determined after the Sept. 29 CCAG meeting. A **provisional date and time** for the next RCI TWG meeting of **October 13 from 9:00 to 10:30am** was set, but this timing is to be confirmed once an overall schedule for TWG meetings that will occur between Sept. 29 and the next (December) CCAG meeting is finalized.